Bunge LTD
Form 10-Q
August 09, 2010
Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

x QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2010

OR

o TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

Commission File Number 001-16625

BUNGE LIMITED

(Exact name of registrant as specified in its charter)

Bermuda	**98-0231912**
	(I.R.S. Employer Identification No.)

(State or other jurisdiction of incorporation or organization)

50 Main Street, White Plains, New York	**10606**
(Address of principal executive offices)	(Zip Code)

(914) 684-2800
(Registrant s telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes x No o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer x	Accelerated filer o	Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller reporting company o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Securities Exchange Act of 1934). Yes o No x

As of August 2, 2010 the number of common shares outstanding of the registrant was:

Common shares, par value $.01: 140,278,624

Table of Contents

BUNGE LIMITED

TABLE OF CONTENTS

i

Table of Contents

PART I FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

BUNGE LIMITED AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

(U.S. dollars in millions, except per share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2010	**2009**	**2010**	**2009**
Net sales	$ 10,974	$ 10,994	$ 21,319	$ 20,192
Cost of goods sold	(10,549)	(10,582)	(20,349)	(19,645)
Gross profit	**425**	**412**	**970**	**547**
Selling, general and administrative expenses	(415)	(309)	(762)	(603)
Gain on sale of fertilizer nutrients assets	2,440		2,440	
Interest income	23	40	42	76
Interest expense	(101)	(66)	(179)	(133)
Foreign exchange (losses) gains	(49)	320	(99)	301
Other income (expense) net	(3)	(1)	(3)	(8)
Income from operations before income tax	**2,320**	**396**	**2,409**	**180**
Income tax expense	(542)	(79)	(551)	(45)
Income from operations after income tax	**1,778**	**317**	**1,858**	**135**
Equity in earnings of affiliates	9	5	9	11
Net income	**1,787**	**322**	**1,867**	**146**
Net income attributable to noncontrolling interest	(9)	(9)	(26)	(28)
Net income attributable to Bunge	**1,778**	**313**	**1,841**	**118**
Convertible preference share dividends	(20)	(20)	(39)	(39)
Net income available to Bunge common shareholders	**$ 1,758**	**$ 293**	**$ 1,802**	**$ 79**
Earnings per common share basic (Note 19)				
Earnings to Bunge common shareholders	$ 12.21	$ 2.40	$ 12.68	$ 0.65
Earnings per common share diluted (Note 19)				
Earnings to Bunge common shareholders	$ 11.15	$ 2.28	$ 11.67	$ 0.64

Dividends per common share	$	0.23	$	0.21	$	0.44	$	0.40

The accompanying notes are an integral part of these condensed consolidated financial statements.

Table of Contents

BUNGE LIMITED AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

(U.S. dollars in millions, except share data)

		June 30, 2010		December 31, 2009
ASSETS				
Current assets:				
Cash and cash equivalents	$	2,771	$	553
Trade accounts receivable (less allowance of $189 and $192)		2,489		2,363
Inventories (Note 5)		4,571		4,862
Deferred income taxes		145		506
Other current assets (Note 6)		2,980		3,499
Total current assets		12,956		11,783
Property, plant and equipment, net		4,651		5,347
Goodwill (Note 7)		960		427
Other intangible assets, net (Note 8)		191		170
Investments in affiliates		584		622
Deferred income taxes		966		979
Other non-current assets		1,786		1,958
Total assets	$	22,094	$	21,286
LIABILITIES AND SHAREHOLDERS EQUITY				
Current liabilities:				
Short-term debt	$	172	$	166
Current portion of long-term debt		844		31
Trade accounts payable		3,278		3,275
Deferred income taxes		68		100
Other current liabilities (Note 10)		2,345		2,635
Total current liabilities		6,707		6,207
Long-term debt		2,828		3,618
Deferred income taxes		115		183
Other non-current liabilities		757		913
Commitments and contingencies (Note 15)				
Shareholders equity:				
Mandatory convertible preference shares, par value $.01; authorized 862,500; issued and outstanding: 2010 and 2009 862,455 shares (liquidation preference $1,000 per share)		863		863
Convertible perpetual preference shares, par value $.01; authorized issued and outstanding: 2010 and 2009 6,900,000 shares (liquidation preference $100 per share)		690		690
Common shares, par value $.01; authorized 400,000,000 shares; issued: 2010 144,713,558 shares, 2009 134,096,906 shares		1		1
Additional paid-in capital		4,252		3,625
Retained earnings		5,734		3,996
Accumulated other comprehensive income (loss)		(25)		319
Treasury shares, at cost (2010 2,050,000 shares)		(107)		
Total Bunge shareholders equity		11,408		9,494
Noncontrolling interest		279		871
Total equity		11,687		10,365

Total liabilities and shareholders equity	$	22,094	$	21,286

The accompanying notes are an integral part of these condensed consolidated financial statements.

Table of Contents

BUNGE LIMITED AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(U.S. dollars in millions)

	Six Months Ended June 30, 2010	Six Months Ended June 30, 2009
OPERATING ACTIVITIES		
Net income	$ 1,867	$ 146
Adjustments to reconcile net income to cash used for operating activities:		
Foreign exchange loss (gain) on debt	225	(359)
Gain on sale of fertilizer nutrients assets	(2,440)	
Impairment of assets	12	
Bad debt expense	16	23
Depreciation, depletion and amortization	215	200
Stock-based compensation expense	34	16
Recoverable taxes provision	1	37
Deferred income taxes	202	(104)
Equity in earnings of affiliates	(9)	(11)
Changes in operating assets and liabilities, excluding the effects of acquisitions:		
Trade accounts receivable	(645)	361
Inventories	(80)	(528)
Prepaid commodity purchase contracts	(126)	(211)
Secured advances to suppliers	67	257
Trade accounts payable	522	(1,111)
Advances on sales	20	21
Unrealized net gain/loss on derivative contracts	15	213
Margin deposits	153	(279)
Accrued liabilities	179	(69)
Other net	(387)	(356)
Cash used for operating activities	(159)	(1,754)
INVESTING ACTIVITIES		
Payments made for capital expenditures	(547)	(346)
Acquisitions of businesses (net of cash acquired)	(133)	(19)
Proceeds from sale of fertilizer nutrients assets	3,886	
Cash disposed in sale of fertilizer nutrients assets	(106)	
Proceeds from investments	28	60
Proceeds from disposal of property, plant and equipment	3	5
Related party loans	(7)	(19)
Investments in affiliates	(2)	
Change in restricted cash		(28)
Cash provided by (used for) investing activities	3,122	(347)
FINANCING ACTIVITIES		
Net change in short-term debt with maturities of 90 days or less	219	364
Proceeds from short-term debt with maturities greater than 90 days	267	784
Repayments of short-term debt with maturities greater than 90 days	(852)	(625)
Proceeds from long-term debt	132	2,857
Repayment of long-term debt	(306)	(1,754)
Proceeds from sale of common shares	2	1
Repurchase of common shares	(86)	
Dividends paid to preference shareholders	(39)	(39)

Dividends paid to common shareholders	(60)	(46)
Dividends paid to noncontrolling interest		(8)
Other	22	(3)
Cash (used for) provided by financing activities	(701)	1,531
Effect of exchange rate changes on cash and cash equivalents	(44)	55
Net increase (decrease) in cash and cash equivalents	2,218	(515)
Cash and cash equivalents, beginning of period	553	1,004
Cash and cash equivalents, end of period	$ 2,771	$ 489

The accompanying notes are an integral part of these condensed consolidated financial statements.

BUNGE LIMITED AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS EQUITY
(Unaudited)

(U.S. dollars in millions, except share data)

	Convertible Preference Shares		Common Shares								
	Shares	**Amount**	**Shares**	**Amount**	**Additional Paid-in Capital**	**Retained Earnings**	**Accumulated Other Comprehensive Income (Loss)**	**Treasury Shares**	**Non - Controlling Interest**	**Total Equity**	**Comprehensive Income (Loss)**
Balance, January 1, 2009	7,762,455	$1,553	121,632,456	$1	$2,849	$3,844	$(811)	$	$692	$8,128	
Comprehensive income (loss) 2009:											
Net income						118			28	146	$146
Other comprehensive income (loss):											
Foreign exchange translation adjustment, net of tax expense of $0							596		101	697	697
Unrealized gains on commodity futures and foreign exchange contracts, net of tax expense of $12							32			32	32
Unrealized investment gains, net of tax expense of $1							2			2	2
Reclassification of realized net gains, net of tax of $18							33		(2)	31	31
Pension adjustment, net of tax benefit $5							(4)		(6)	(10)	(10)
Total comprehensive income							659		121		$898
Dividends on common shares						(71)				(71)	
Dividends on preference shares						(39)				(39)	
Dividends paid to noncontrolling interest on									(17)	(17)	

subsidiary common stock										
Return of capital to noncontrolling interest									(43)	(43)
Capital contribution from noncontrolling interest									41	41
Consolidation of a subsidiary									5	5
Purchase of additional shares in subsidiary from noncontrolling interest					(4)					(4)
Stock-based compensation expense					16					16
Issuance of common shares: stock options and award plans, net of shares withheld for taxes			404,464		(4)					(4)
Balance June 30, 2009	**7,762,455**	**$1,553**	**122,036,920**	**$1**	**$2,857**	**$3,852**	**$(152)**	**$**	**$799**	**$8,910**

(Continued on following page)

	Convertible Preference Shares		Common Shares								
	Shares	Amount	Shares	Amount	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Shares	Non-Controlling Interest	Total Equity	Comprehensive Income (Loss)
Balance, January 1, 2010	7,762,455	$1,553	134,096,906	$1	$3,625	$3,996	$319	$	$871	$10,365	
Comprehensive income (loss) 2010:											
Net income						1,841			26	1,867	$1,867
Other comprehensive income (loss):											
Foreign exchange translation adjustment, net of tax expense of $0							(346)		(45)	(391)	(391)
Unrealized gains on commodity futures and foreign exchange contracts, net of tax of $0							1			1	1
Unrealized investment gains, net of tax expense of $0							(1)			(1)	(1)
Other postretirement healthcare subsidy tax deduction adjustment							2			2	2
Total comprehensive income (loss)							(344)		(19)		$1,478
Dividends on common shares						(64)				(64)	
Dividends on preference shares						(39)				(39)	
Dividends to noncontrolling interest on subsidiary common stock									(9)	(9)	
Return of capital to noncontrolling interest									(6)	(6)	
Capital contribution from noncontrolling interest									27	27	
Initial consolidation of subsidiary									3	3	

Sale of non-wholly owned subsidiary (Note 18)									(588)	(588)
Stock-based compensation expense					34					34
Repurchase of common shares			(2,050,000)					(107)		(107)
Issuance of common shares:										
Business acquisition (Note 3)			10,252,895		597					597
stock options and award plans, net of shares withheld for taxes			363,757		(4)					(4)
Balance June 30, 2010	**7,762,455**	**$1,553**	**142,663,558**	**$1**	**$4,252**	**$5,734**	**$(25)**	**$(107)**	**$279**	**$11,687**

The accompanying notes are an integral part of these condensed consolidated financial statements.

Table of Contents

BUNGE LIMITED AND SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

1. BASIS OF PRESENTATION

The accompanying unaudited condensed consolidated financial statements of Bunge Limited and its subsidiaries (Bunge) have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) for interim financial information and the instructions to Form 10-Q and Article 10 of Regulation S-X of the Securities Exchange Act of 1934, as amended (Exchange Act). Accordingly, they do not include all of the information and footnotes required by U.S. GAAP for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring adjustments) necessary for a fair presentation have been included. The consolidated balance sheet at December 31, 2009 has been derived from Bunge s audited consolidated financial statements at that date. Operating results for the three and six months ended June 30, 2010 are not necessarily indicative of the results to be expected for the year ending December 31, 2010. The financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto for the year ended December 31, 2009, forming part of Bunge s 2009 Annual Report on Form 10-K filed with the Securities and Exchange Commission (SEC) on March 1, 2010.

Reclassifications Certain reclassifications related to Bunge s change in segments were made to the prior period condensed consolidated financial statements to conform to the current period presentation (see Note 20 of the notes to the condensed consolidated financial statements).

2. ADOPTION OF NEW ACCOUNTING PRONOUNCEMENTS

Amendment to Consolidation In June 2009, the FASB issued a standard that requires an enterprise to (1) determine whether an entity is a variable interest entity (VIE), (2) determine whether the enterprise has a controlling financial interest indicating it is a primary beneficiary of a VIE, which would result in the enterprise being required to consolidate the VIE in its financial statements, and (3) provide enhanced disclosures about the enterprise s involvement in VIEs. As a result of the adoption of this standard on January 1, 2010, Bunge consolidated one of its agribusiness joint ventures (see Note 18 of notes to the condensed consolidated financial statements).

Accounting for Transfers of Financial Assets In June 2009, the FASB issued a standard that amended a previously issued standard to improve the information reported in financial statements related to the transfer of financial assets and the effects of the transfers of such assets on the financial position, results from operations and cash flows of the transferor and a transferor s continuing involvement, if any, with transferred financial assets. In addition, the amendment limits the circumstances in which a financial asset or a portion of a financial asset should be derecognized in the financial statements of the transferor when the transferor has not transferred the entire original financial asset. Upon adoption of this standard on January 1, 2010, all trade accounts receivables sold after that date under Bunge s accounts receivable securitization programs (the securitization programs) are included in trade accounts receivable and the amounts outstanding under the securitization programs are accounted for as secured borrowings and are reflected as short-term debt on Bunge s condensed consolidated balance sheet. In addition, during the six months ended June 30, 2010 Bunge reduced its utilization of the securitization programs. As a result, the amounts outstanding under the securitization programs at June 30, 2010 are not significant. The adoption of this standard did not have a material impact on Bunge s financial position, results from operations or cash flows.

Table of Contents

3. BUSINESS ACQUISITIONS

Moema Acquisition In February 2010, Bunge acquired a 100% interest in five Brazilian sugarcane mills in São Paulo and Minas Gerais states that were formerly part of the Moema Group through the acquisition of Usina Moema Patricpacãoes S.A. (Moema Par) and remaining interests in four mills that were not wholly-owned by Moema Par. Bunge collectively refers to the acquired entities as Moema. The purchase consideration for the Moema acquisition was as follows:

(US$ in millions)		
Fair value of Bunge Limited common shares issued	$	597
Cash paid		51
Contingent purchase price at fair value		3
Total purchase price	**$**	**651**

Bunge issued 9,718,632 of its common shares with a fair value of $570 million and paid 97 million Brazilian *reais* in cash, which equated to approximately $51 million, at the closing of the transaction. The final purchase price was subject to a post-closing purchase price adjustment based on working capital and net debt of the acquired companies at closing under Brazilian generally accepted accounting principles. During the second quarter of 2010, Bunge issued 534,263 of its common shares, with a fair value of $27 million and paid 0.5 million Brazilian *reais* in cash, which equated to approximately $0.3 million, in connection with the finalization of the post-closing purchase price adjustments with certain of the sellers. In addition, included in other current liabilities in the condensed consolidated balance sheet at June 30, 2010 is approximately $3 million representing a contingent liability pending determination of the remaining post-closing purchase price adjustments. These remaining purchase price adjustments settled in the third quarter of 2010.

Acquisition related expenses of $11 million were recorded in selling, general and administrative expenses in the condensed consolidated statements of income in the three months ended March 31, 2010. There were no additional acquisition related expenses recorded for the three months ended June 30, 2010 associated with the Moema Acquisition.

The table below includes Bunge s preliminary assessment of the fair values of assets and liabilities acquired and related goodwill, including certain reclassifications made during the three months ended June 30, 2010:

(US$ in millions)		March 31, 2010		Reclassifications		June 30, 2010
Assets acquired:						
Cash	$	3	$		$	3
Inventories		184		3		187
Other current assets		64		2		66
Property, plant and equipment		642		15		657
Other intangible assets		44				44
Other non-current assets		100		3		103
Total assets		**1,037**		**23**		**1,060**
Liabilities acquired:						
Short-term debt		(378)				(378)
Other current liabilities		(349)		47		(302)
Long-term debt		(177)				(177)

Other non-current liabilities	(30)	(61)	(91)
Total liabilities	**(934)**	**(14)**	**(948)**
Goodwill	**545**	**(6)**	**539**
Total purchase price	**$ 648**	**$ 3**	**$ 651**

Table of Contents

Intangible assets consist of the following:

(US$ in millions)			Useful Life
Land lease agreements	$	43	7 years
Other		1	2-20 years
Total	**$**	**44**	

The fair value assigned to intangible assets associated with land lease agreements for the production of sugarcane was determined using the income approach. The fair value of the other intangibles was primarily determined using the market approach. The intangible assets have no expected residual value at the end of their useful lives and are subject to amortization on a straight-line basis. The fair values of tangible assets were derived using a combination of the income approach, the market approach and the cost approach as considered appropriate for the specific assets being valued. None of the acquired assets or liabilities will be measured at fair value on a recurring basis in periods subsequent to the initial recognition.

Moema is a party to a number of claims and lawsuits, primarily civil, labor and environmental claims arising out of the normal course of business. Included in other noncurrent liabilities is $13 million related to Moema s probable contingencies.

Moema is included in the sugar and bioenergy segment and the goodwill from this acquisition has been assigned to that segment. The acquisition is expected to complement Bunge s existing sugarcane milling and trading and merchandising activities. The acquisition increases Bunge s presence in the sugar and sugarcane-based ethanol industry in Brazil, substantially increasing Bunge s total current annual sugarcane crushing capacity. The acquired mills form a cluster within a highly productive region for sugarcane in Brazil. The Moema management team s experience in sugarcane agricultural and industrial processes is expected to complement Bunge s expertise in trade and financial risk management. Bunge also expects synergies with its fertilizer business and logistics efficiencies from the acquisition. The goodwill of $539 million is deductible for tax purposes. In addition, the tax deductible goodwill exceeds the U.S. GAAP goodwill by approximately $59 million resulting in tax deductible goodwill of approximately $598 million. As a result, a deferred tax asset of approximately $30 million, relating to the excess tax deductible goodwill has been recorded in other long-term assets as part of the preliminary purchase price allocation. Final amounts will be determined upon final settlement of the contingent purchase price.

Supplemental pro forma financial information is not presented for the three and six months ended June 30, 2009 because it is not practical to provide this information as Moema historically did not prepare quarterly financial statements and did not report results under U.S. GAAP.

Included in the condensed consolidated statements of income for the three and six months ended June 30, 2010 were net sales and income (loss) from operations before income taxes of $110 million and zero and $181 million and $(19) million, respectively.

Argentina Fertilizer Acquisition On January 11, 2010, Bunge acquired the Argentine fertilizer business of Petrobras Energía S.A., a subsidiary of Petroleo Brasileiro S.A. (Petrobras), for approximately $80 million. The acquired business is included in Bunge s fertilizer segment. This acquisition expands Bunge s presence in the Argentine retail fertilizer market, allowing it to further develop synergies with its grain origination operations through the sale of products to farmers from whom it may purchase commodities. With the preliminary determination of the fair values of assets and liabilities acquired, $66 million of the purchase price was allocated to property, plant and equipment, $6 million to other current assets, $4 million to other intangible assets, primarily a non-compete agreement, and $4 million to goodwill. There were no adjustments to the preliminary allocations during the second quarter of 2010.

Other In 2010, Bunge finalized the purchase price allocation related to its 2009 acquisition of the European margarine businesses of Raisio plc. The purchase price was 81 million Euros in cash, which equated to approximately $115 million, net of $5 million of cash received. Bunge initially recognized $50 million as goodwill in its edible oil products segment related to this acquisition. Upon completion of acquisition accounting, goodwill was reduced by $4 million and $4 million was allocated to deferred tax liabilities.

Table of Contents

4. BUSINESS DIVESTITURE

In January 2010, Bunge and two of its wholly owned subsidiaries entered into a definitive agreement (as amended, the Agreement) with Vale S.A., a Brazil-based global mining company (Vale), and an affiliate of Vale, pursuant to which Vale would acquire Bunge s fertilizer nutrients assets in Brazil, including its interest in Fertilizantes Fosfatados S.A. (Fosfertil). The transaction closed on May 27, 2010. Bunge received cash proceeds of $3.9 billion and recognized a gain of $2.4 billion ($1.9 billion net of tax) in its fertilizer segment. Included in the calculation of the gain is $152 million of transaction costs incurred in connection with the divestiture. Total income tax associated with the transaction was $539 million, of which $275 million was paid during the three months ended June 30, 2010, $5 million is expected to be paid in the second half of 2010 and approximately $259 million is expected to be offset by deferred tax assets and other tax credits and therefore is not expected to result in cash tax payments. Approximately $56 million related to a post-closing adjustment is expected to be received by Bunge in the second half of 2010.

Approximately $142 million of transaction costs and $275 million of withholding taxes are included as a component of cash used for operating activities in Bunge s condensed consolidated statements of cash flows in the six months ended June 30, 2010. Gross proceeds of $3.9 billion and cash disposed of $106 million related to the sale of the Brazilian fertilizer nutrients assets are included as a component of cash provided by investing activities in Bunge s condensed consolidated statements of cash flows in the six months ended June 30, 2010.

Assets and liabilities disposed of as part of this transaction were classified as held for sale in Bunge s condensed consolidated balance sheet at March 31, 2010, which included approximately $1,516 million of property, plant and equipment, net, related to fertilizer mining properties and other plants and equipment of the fertilizer nutrients activities.

5. INVENTORIES

Inventories by segment are included in the table below. Readily marketable inventories refers to inventories that are readily convertible to cash because of their commodity characteristics, widely available markets and international pricing mechanisms.

(US$ in millions)	**June 30, 2010**	**December 31, 2009**
Agribusiness (1)	$ 3,264	$ 3,535
Sugar and Bioenergy (2)	269	89
Fertilizer (3)	557	749
Edible oil products (4)	356	371
Milling products (4)	125	118
Total	**$ 4,571**	**$ 4,862**

(1) Includes readily marketable agricultural commodity inventories carried at fair value of $3,013 and $3,197 at June 30, 2010 and December 31, 2009, respectively. All other agribusiness segment inventories are carried at lower of cost or market.

(2) Includes readily marketable sugar inventories of $63 million and $21 million at June 30, 2010 and December 31, 2009, respectively. Of these readily marketable sugar inventories, $35 million and $21 million, respectively, were inventories carried at fair value in our trading and merchandising business. Sugar inventories in our industrial production business are readily marketable, but are carried at lower of cost or market.

(3) Fertilizer inventories are carried at lower of cost or market.

(4) Edible oil products and milling products inventories are generally carried at lower of cost or market, with the exception of readily marketable inventories of bulk soybean oil and corn, which are carried at fair value in the aggregate amount of $157 million and $162 million at June 30, 2010 and December 31, 2009, respectively.

Table of Contents

6. OTHER CURRENT ASSETS

Other current assets consist of the following:

(US$ in millions)		June 30, 2010		December 31, 2009
Prepaid commodity purchase contracts (1)	$	299	$	110
Secured advances to suppliers (2)		197		275
Unrealized gains on derivative contracts at fair value		754		1,202
Recoverable taxes (3)		503		680
Margin deposits (4)		375		530
Marketable securities		74		15
Other		778		687
Total	**$**	**2,980**	**$**	**3,499**

(1) Prepaid commodity purchase contracts represent advance payments against fixed priced contracts for future delivery of specified quantities of agricultural commodities. These contracts are recorded at fair value based on prices of the underlying agricultural commodities.

(2) Bunge makes cash advances to suppliers, primarily Brazilian farmers of soybeans and other agricultural commodities, to finance a portion of the suppliers production costs. These advances are strictly financial in nature. Bunge does not bear any of the costs or risks associated with the related growing crops. The advances are largely collateralized by future crops and physical assets of the suppliers, carry a local market interest rate and settle when the farmer s crop is harvested and sold. In addition to current secured advances, Bunge has non-current secured advances to suppliers, primarily farmers in Brazil, in the amount of $281 million and $308 million at June 30, 2010 and December 31, 2009, respectively, net of allowance for uncollectible advances, which are included in other non-current assets in the condensed consolidated balance sheets. The allowance for uncollectible advances totaled $79 million and $75 million at June 30, 2010 and December 31, 2009, respectively. The repayment terms of the non-current secured advances generally range from two to three years. Included in the secured advances to suppliers recorded in other current assets are advances that were renegotiated from their original terms, equal to an aggregate of $19 million and $36 million at June 30, 2010 and December 31, 2009, respectively. Included in the secured advances to suppliers recorded in other non-current assets are advances that were renegotiated from their original terms, equal to an aggregate of $15 million and $20 million at June 30, 2010 and December 31, 2009, respectively. These renegotiated advances are largely collateralized by future crops and mortgages on assets such as land, buildings and equipment.

Also included in non-current secured advances to suppliers are advances for which Bunge has initiated legal action to collect the outstanding balance or obtain title to the assets pledged by the farmers as collateral, equal to an aggregate of $259 million and $264 million at June 30, 2010 and December 31, 2009, respectively. Collections being pursued through legal action largely reflect loans made for the 2006 and 2005 crop years.

Interest earned on secured advances to suppliers of $6 million and $9 million for the three months ended June 30, 2010 and 2009, respectively, and $15 million and $25 million for the six months ended June 30, 2010 and 2009, respectively, is included in net sales in the condensed consolidated statements of income.

(3) Bunge has an additional recoverable taxes balance of $879 million and $769 million at June 30, 2010 and December 31, 2009, respectively, which is included in other non-current assets in the condensed consolidated balance sheets. The balance of current and non-current recoverable taxes is net of the allowance for recoverable taxes of $118 million and $164 million at June 30, 2010 and December 31, 2009, respectively.

(4) Margin deposits include U.S. treasury securities at fair value and cash.

Table of Contents

7. GOODWILL

For the six months ended June 30, 2010, the changes in the carrying value of goodwill by segment are as follows:

(US$ in millions)	Agribusiness	Sugar and Bioenergy	Fertilizer	Edible Oil Products	Milling Products	Total
Balance, December 31, 2009	$ 204	$ 130	$	$ 83	$ 10	$ 427
Acquired goodwill (1)		539	4			543
Reallocation of acquired goodwill (1)				(4)		(4)
Tax benefit on goodwill amortization (2)	(3)					(3)
Foreign exchange translation	(6)	15		(11)	(1)	(3)
Balance, June 30, 2010	**$ 195**	**$ 684**	**$ 4**	**$ 68**	**$ 9**	**$ 960**

(1) See Note 3 of the notes to the condensed consolidated financial statements.

(2) Bunge s Brazilian subsidiaries tax deductible goodwill is in excess of book goodwill. For financial reporting purposes, for goodwill acquired prior to 2009, the tax benefits attributable to the excess tax goodwill are first used to reduce associated goodwill and then other intangible assets to zero, prior to recognizing any income tax benefit in the condensed consolidated statements of income.

8. OTHER INTANGIBLE ASSETS

Other intangible assets, net consist of the following:

(US$ in millions)	June 30, 2010	December 31, 2009
Trademarks/brands, finite-lived	$ 118	$ 130
Licenses	11	12
Other	114	72
	243	214
Less accumulated amortization:		
Trademarks/brands (1)	(49)	(47)
Licenses	(2)	(2)
Other	(28)	(23)
	(79)	(72)
Trademarks/brands, indefinite-lived	27	28
Intangible assets, net of accumulated amortization	**$ 191**	**$ 170**

(1) Bunge s Brazilian subsidiary s tax deductible goodwill in the agribusiness segment is in excess of its book goodwill. For financial reporting purposes, for other intangible assets acquired prior to 2009, before recognizing any income tax benefit of tax deductible goodwill in excess of book goodwill in the condensed consolidated statements of income and after the related book goodwill has been reduced to zero, any such remaining tax deductible goodwill in excess of book goodwill is used to reduce other intangible assets to zero.

In the first quarter of 2010, Bunge assigned values totaling $48 million to other intangible assets acquired in business acquisitions, with $44 million and $4 million, respectively, in the sugar and bioenergy and fertilizer segments. Finite lives of these assets range from 2 and 20 years. (See Note 3 of the notes to the condensed consolidated financial statements). In addition, $9 million of other intangible assets, net have been disposed of as part of the sale of the Brazilian fertilizer nutrients assets (see Note 4 to the condensed consolidated financial statements). Aggregate amortization expense was $7 million and $2 million for the three months ended June 30, 2010 and 2009, respectively, and $11 million and $4 million for the six months ended June 30, 2010 and 2009, respectively. The annual estimated aggregate amortization expense for 2010 is approximately $27 million with approximately $21 million estimated per year for 2011 through 2014.

Table of Contents

9. IMPAIRMENT AND RESTRUCTURING CHARGES

Impairment Bunge recorded no pretax impairment charges for the three months ended June 30, 2010 in its consolidated statements of income. In the six months ended June 30, 2010, Bunge recorded pretax non-cash impairment charges of $12 million in cost of goods sold in its consolidated statements of income, of which $10 million was allocated to its agribusiness segment and $2 million was allocated to its milling products segments, respectively, relating to the closure of an older, less efficient oilseed processing facility in the United States and a co-located corn oil extraction line. Declining results of operations at this facility due to local competitive pressures, as well as Bunge s additions of new, larger and better located facilities in recent years led management to decide to permanently close this facility. The fair values of the facility are not material and were determined internally by Bunge s management.

Restructuring Bunge recorded pretax restructuring charges of $14 million and $26 million in the three and six months ended June 30, 2010, respectively, primarily related to its Brazilian, North American and European operations. In the three and six months ended June 30, 2010, these charges consisted of termination benefit costs and other expenses related to the consolidation of Bunge s Brazilian operations that were recorded as selling, general and administrative expenses totaling $4 million, $3 million, $3 million, and $2 million in the agribusiness, sugar and bioenergy, milling products and edible oil products segments, respectively. Also in the three and six months ended June 30, 2010, restructuring charges of $2 million were recorded in cost of goods sold in the edible oil products segment related to certain of Bunge s European operations. For the six months ended June 30, 2010, additional restructuring costs of $5 million, $1 million, $1 million, $1 million and $4 million in the agribusiness, sugar and bioenergy, milling products, edible oil products and fertilizer segments, respectively, were included in cost of goods sold related primarily to the closure of the oilseed processing facility in the United States and the consolidation of management and administrative functions in Brazil.

Termination benefit costs in the agribusiness segment for the six months ended June 30, 2010 related to benefit obligations associated with approximately 90 employees related to the closure of the U.S. oilseed processing facility and the consolidation of our operations in Brazil. This consolidation also impacted Bunge s sugar and bioenergy, fertilizer, edible oil products and milling products segments. Termination benefit costs in our edible oil products segment related to 514 employees in connection with the reorganization of certain of our operations in Europe. Bunge has a $12 million accrued liability related to the Brazilian restructuring as of June 30, 2010. Substantially all of these costs will be paid in 2010 under severance plans that were defined and communicated in 2010. Funding for the payments will be provided by cash flows from operations.

10. OTHER CURRENT LIABILITIES

Other current liabilities consist of the following:

(US$ in millions)	**June 30, 2010**	**December 31, 2009**
Accrued liabilities	$ 1,200	$ 1,046
Unrealized losses on derivative contracts at fair value	842	1,250
Advances on sales	273	253
Other	30	86
Total	$ 2,345	$ 2,635

11. FINANCIAL INSTRUMENTS AND FAIR VALUE MEASUREMENTS

Bunge s various financial instruments include certain components of working capital such as cash and cash equivalents, trade accounts receivable and trade accounts payable. Additionally, Bunge uses short- and long-term debt to fund operating requirements and derivative instruments to manage its foreign exchange, interest rate, commodity price, freight and energy cost exposures. Bunge also uses derivative instruments to reduce volatility in its income tax expense that results from foreign exchange gains and losses on certain U.S. dollar-denominated loans in Brazil. Cash and cash equivalents, trade accounts receivable and accounts payable and short-term debt are stated at their carrying value, which is a reasonable estimate of fair value. For long-term debt, see Note 12 of the notes to the condensed consolidated financial statements. All derivative instruments and marketable securities are stated at fair value.

Fair value is the price that would be received for an asset or paid to transfer a liability (an exit price) in Bunge s principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Bunge determines the fair values of its readily marketable inventories, derivative contracts, and certain other assets based on the fair value hierarchy established under US GAAP, which

Table of Contents

requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. Observable inputs are inputs based on market data obtained from sources independent of the reporting entity that reflect the assumptions market participants would use in pricing the asset or liability. Unobservable inputs are inputs that are developed based on the best information available in circumstances that reflect Bunge s own assumptions based on market data and on assumptions that market participants would use in pricing the asset or liability. The standard describes three levels within its hierarchy that may be used to measure fair value.

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 1 assets and liabilities include exchange traded derivative contracts.

Level 2: Observable inputs, including Level 1 prices (adjusted); quoted prices for similar assets or liabilities; quoted prices in markets that are less active than traded exchanges; and other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. Level 2 assets and liabilities include readily marketable inventories and over-the-counter (OTC) commodity purchase and sales contracts and other OTC derivatives whose value is determined using pricing models with inputs that are generally based on exchange traded prices, adjusted for location specific inputs that are primarily observable in the market or can be derived principally from or corroborated by observable market data.

Level 3: Unobservable inputs that are supported by little or no market activity and that are a significant component of the fair value of the assets or liabilities. In evaluating the significance of fair value inputs, Bunge gives consideration to items that individually, or when aggregated with other inputs, generally represent more than 10% of the fair value of the assets or liabilities. For such identified inputs, judgments are required when evaluating both quantitative and qualitative factors in the determination of significance for purposes of fair value level classification and disclosure. Level 3 assets and liabilities include assets and liabilities whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as assets and liabilities for which the determination of fair value requires significant management judgment or estimation.

The following table sets forth by level Bunge s assets and liabilities that were accounted for at fair value on a recurring basis as of June 30, 2010 and December 31, 2009. Bunge s exchange traded agricultural commodity futures are predominantly settled daily generally through its clearing subsidiary and therefore such futures are not included in the table below. Assets and liabilities are classified in their entirety based on the lowest level of input that is a significant component of the fair value measurement. The lowest level of input is considered Level 3. Bunge s assessment of the significance of a particular input to the fair value measurement requires judgment, and may affect the classification of fair value assets and liabilities within the fair value hierarchy levels.

	Fair Value Measurements at Reporting Date Using							
	June 30, 2010				**December 31, 2009**			
(US$ in millions)	**Level 1 (1)**	**Level 2 (2)**	**Level 3 (3)**	**Total**	**Level 1 (1)**	**Level 2 (2)**	**Level 3 (3)**	**Total**
Assets:								
Readily marketable inventories (Note 5)	$	$ 2,851	$ 354	$ 3,205	$	$ 3,271	$ 109	$ 3,380
Unrealized gain on designated derivative contracts (4):								
Interest Rate		7		7		9		9
Foreign Exchange		16		16		11		11
Freight								
Unrealized gain on undesignated derivative contracts (4):								

Foreign Exchange		76	2	78		41	3	44
Commodities	48	440	107	595	34	905	94	1,033
Freight		43	10	53		68	8	76
Energy	5	14	3	22	10	22	13	45
Other (5)	175	133		308	138	16		154
Total assets	**$ 228**	**$ 3,580**	**$ 476**	**$ 4,284**	**$ 182**	**$ 4,343**	**$ 227**	**$ 4,752**

	Fair Value Measurements at Reporting Date Using							
	June 30, 2010				December 31, 2009			
(US$ in millions)	Level 1 (1)	Level 2 (2)	Level 3 (3)	Total	Level 1 (1)	Level 2 (2)	Level 3 (3)	Total
Liabilities:								
Unrealized loss on designated derivative contracts (6):								
Interest Rate	$	$	$	$	$	$ 7	$	$ 7
Foreign Exchange		85		85		123		123
Freight								
Unrealized loss on undesignated derivative contracts (6):								
Interest Rate		1		1		2		2
Foreign Exchange		33		33	7	15		22
Commodities	125	442	73	640	113	693	84	890
Freight	40	63		103	98	106		204
Energy	3	3	2	8	8	7	3	18
Total liabilities	**$ 168**	**$ 627**	**$ 75**	**$ 870**	**$ 226**	**$ 953**	**$ 87**	**$ 1,266**

(1) Quoted prices in active markets for identical assets.

(2) Significant other observable inputs.

(3) Significant unobservable inputs.

(4) Unrealized gains on designated and undesignated derivative contracts are generally included in other current assets. At June 30, 2010 and December 31, 2009, $7 million and $8 million, respectively, of designated and undesignated derivative contracts are included in other non-current assets.

(5) Other assets include primarily the fair values of U.S. Treasury securities held as margin deposits.

(6) Unrealized losses on designated and undesignated derivative contracts are generally included in other current liabilities. At June 30, 2010 and December 31, 2009, $17 million and $8 million, respectively, of designated and undesignated derivative contracts are included in other non-current liabilities.

Derivatives Exchange traded futures and options contracts are valued based on unadjusted quoted prices in active markets and are classified within Level 1. Bunge s forward commodity purchase and sale contracts are classified as derivatives along with other OTC derivative instruments relating primarily to freight, energy, foreign exchange and interest rates, and are classified with Level 2 or Level 3 as described below. Bunge estimates fair values based on exchange quoted prices, adjusted as appropriate for differences in local markets. These differences are generally valued using inputs from broker or dealer quotations, or market transactions in either the listed or OTC markets. In such cases, these derivative contracts are classified within Level 2. Changes in the fair values of these contracts are recognized in the consolidated financial statements as a component of cost of goods sold, foreign exchange gain or loss, other income (expense) or other comprehensive income (loss).

OTC derivative contracts include swaps, options and structured transactions that are valued at fair value and may be offset with similar positions in exchange traded markets. The fair values of OTC derivative instruments are determined using quantitative models that require the use of multiple market inputs including quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets which are not highly active, other observable inputs relevant to the asset or liability, and market inputs corroborated by correlation or other means. These valuation models include inputs such as interest rates, prices and indices to generate continuous yield or pricing curves and volatility factors. Where observable inputs are available for substantially the full term of the asset or liability, the instrument is categorized in Level 2. Certain OTC derivatives trade in less active markets with less availability of pricing information and certain structured transactions can require internally developed model inputs that might not be observable in or corroborated by the market. When unobservable inputs have a significant impact on the measurement of fair value, the instrument is categorized in Level 3.

Bunge designates certain derivative instruments as fair value hedges or cash flow hedges and assesses, both at inception of the hedge and on an ongoing basis, whether derivatives that are designated as hedges are highly effective in offsetting changes in the hedged items or anticipated cash flows.

Readily marketable inventories The majority of Bunge s readily marketable inventories are valued at fair value. These agricultural commodity inventories are readily marketable, have quoted market prices and may be sold without significant additional processing. Bunge determines fair value based on quoted prices on exchange-traded

Table of Contents

futures contracts with appropriate adjustments for differences in local markets where the related inventories are located. Changes in the fair values of these inventories are recognized in the consolidated statements of income as a component of cost of goods sold.

Readily marketable inventories at fair value are valued based on commodity futures exchange quotations, broker or dealer quotations, or market transactions in either listed or OTC markets. In such cases, the inventory is classified within Level 2. Certain inventories may utilize significant unobservable data related to local market adjustments to determine fair value. In such cases, the inventory is classified as Level 3.

If Bunge used different methods or factors to determine fair values, amounts reported as unrealized gains and losses on derivative contracts and readily marketable inventories at fair value in the consolidated balance sheets and consolidated statements of income could differ. Additionally, if market conditions change subsequent to the reporting date, amounts reported in future periods as unrealized gains and losses on derivative contracts and readily marketable inventories in the consolidated balance sheets and consolidated statements of income could differ.

Level 3 Valuation Bunge s assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the classification of assets and liabilities within the fair value hierarchy. In evaluating the significance of fair value inputs, Bunge gives consideration to items that individually, or when aggregated with other inputs, represent more than 10% of the fair value of the asset or liability. For such identified inputs, judgments are required when evaluating both quantitative and qualitative factors in the determination of significance for purposes of fair value level classification and disclosure. Because of differences in the availability of market pricing data over their terms, inputs for some assets and liabilities may fall into any one of the three levels in the fair value hierarchy or some combination thereof. While FASB guidance requires Bunge to classify these assets and liabilities in the lowest level in the hierarchy for which inputs are significant to the fair value measurement, a portion of that measurement may be determined using inputs from a higher level in the hierarchy.

Transfers in and/or out of Level 3 represent existing assets or liabilities that were either previously categorized as a higher level for which the inputs to the model became unobservable or assets and liabilities that were previously classified as Level 3 for which the lowest significant input became observable during the period. Bunge did not have significant transfers in and/or out of Level 3 during the three and six months ended June 30, 2010.

Level 3 Derivatives The fair values of Level 3 derivative instruments are estimated using pricing information that is less observable. Level 3 derivative instruments utilize both market observable and unobservable inputs within the fair value measurements. These inputs include commodity prices, price volatility factors, interest rates, volumes and locations. In addition, with the exception of the exchange-cleared instruments where Bunge clears trades through an exchange, Bunge is exposed to loss in the event of the non-performance by counterparties on over-the-counter derivative instruments and forward purchase and sale contracts. Adjustments are made to fair values on occasions when non-performance risk is determined to represent a significant input in our fair value determination. These adjustments are based on Bunge s estimate of the potential loss in the event of counterparty non-performance. Bunge did not have significant adjustments relating to non-performance by counterparties as of June 30, 2010.

Level 3 Readily marketable inventories Readily marketable inventories are considered Level 3 when at least one significant assumption or input is unobservable. These assumptions or unobservable inputs include certain management estimations regarding costs of transportation and other local market or location-related adjustments.

The tables below present reconciliations for all assets and liabilities measured at fair value on a recurring basis using significant unobservable inputs (Level 3) during the three and six months ended June 30, 2010 and 2009. Level 3 instruments presented in the tables include certain readily marketable inventories and derivatives. These instruments were valued using pricing models that, in management s judgment, reflect the assumptions that would be used by a marketplace participant to determine fair value.

Table of Contents

(US$ in millions)	Derivatives, Net (1)	Level 3 Instruments: Fair Value Measurements Readily Marketable Inventories	Total
Balance, April 1, 2010	$ 49	$ 354	$ 403
Total gains and losses (realized/unrealized) included in cost of goods sold	(10)	104	94
Total gains and losses (realized/unrealized) included in foreign exchange gains (losses)	(1)		(1)
Purchases, issuances and settlements	(2)	(104)	(106)
Transfers into Level 3	19		19
Transfers (out) of Level 3	(8)		(8)
Balance, June 30, 2010	**$ 47**	**$ 354**	**$ 401**

(1) Derivatives, net include Level 3 derivative assets and liabilities.

(US$ in millions)	Derivatives, Net (1)	Level 3 Instruments: Fair Value Measurements Readily Marketable Inventories	Total
Balance, January 1, 2010	$ 31	$ 109	$ 140
Total gains and losses (realized/unrealized) included in cost of goods sold	(15)	154	139
Total gains and losses (realized/unrealized) included in foreign exchange gains (losses)			
Purchases, issuances and settlements	16	91	107
Transfers into Level 3	30		30
Transfers (out) of Level 3	(15)		(15)
Balance, June 30, 2010	**$ 47**	**$ 354**	**$ 401**

(1) Derivatives, net include Level 3 derivative assets and liabilities.

(US$ in millions)	Derivatives, Net (1)	Level 3 Instruments: Fair Value Measurements Readily Marketable Inventories	Total
Balance, April 1, 2009	$ (102)	$ 367	$ 265
Total gains and losses (realized/unrealized) included in cost of goods sold	(95)	85	(10)
Purchases, issuances and settlements	48	204	252
Transfers in (out) of Level 3	135		135
Balance, June 30, 2009	**$ (14)**	**$ 656**	**$ 642**

(1) Derivatives, net include Level 3 derivative assets and liabilities.

Table of Contents

(US$ in millions)	Level 3 Instruments: Fair Value Measurements Derivatives, Net (1)	Readily Marketable Inventories	Total
Balance, January 1, 2009	$ (101)	$ 183	$ 82
Total gains and losses (realized/unrealized) included in earnings	61	150	211
Purchases, issuances and settlements	(78)	323	245
Transfers in (out) of Level 3	104		104
Balance, June 30, 2009	**$ (14)**	**$ 656**	**$ 642**

(1) Derivatives, net include Level 3 derivative assets and liabilities.

The table below summarizes changes in unrealized gains or losses recorded in earnings during the three months ended June 30, 2010 and 2009 for Level 3 assets and liabilities that were held at June 30, 2010 and 2009.

(US$ in millions)	Level 3 Instruments: Fair Value Measurements Derivatives, Net (1)	Readily Marketable Inventories	Total
Changes in unrealized gains and (losses) relating to assets and liabilities held at June 30, 2010:			
Cost of goods sold	$ 8	$ 82	$ 90
Foreign exchange gains (losses)	$ (1)	$	$ (1)
Changes in unrealized gains and (losses) relating to assets and liabilities held at June 30, 2009:			
Cost of goods sold	$ (18)	$ 70	$ 52

(1) Derivatives, net include Level 3 derivative assets and liabilities.

The table below summarizes changes in unrealized gains or losses recorded in earnings during the six months ended June 30, 2010 and 2009 for Level 3 assets and liabilities that were held at June 30, 2010 and 2009.

(US$ in millions)	Level 3 Instruments: Fair Value Measurements Derivatives, Net (1)	Readily Marketable Inventories	Total
Changes in unrealized gains and (losses) relating to assets and liabilities held at June 30, 2010:			
Cost of goods sold	$ 80	$ 91	$ 171
Foreign exchange gains (losses)	$	$	$

Changes in unrealized gains and (losses) relating to assets and liabilities held at June 30, 2009:						
Cost of goods sold	$	12	$	114	$	126

(1) Derivatives, net include Level 3 derivative assets and liabilities.

Derivative Instruments

Interest Rate Derivatives The interest rate swaps used by Bunge as hedging instruments have been recorded at fair value in the consolidated balance sheets with changes in fair value recorded contemporaneously in earnings. Certain of these swap agreements have been designated as fair value hedges. Additionally, the carrying amount of the associated hedged debt is adjusted through earnings for changes in the fair value arising from changes in benchmark interest rates. Ineffectiveness is recognized to the extent that these two adjustments do not offset.

Table of Contents

Bunge enters into interest rate swap agreements primarily for the purpose of managing certain of its interest rate exposures. In addition, Bunge has entered into certain interest rate basis swap agreements that do not qualify for hedge accounting, and therefore Bunge has not designated these swap agreements as hedge instruments for accounting purposes. As a result, changes in fair value of the interest rate basis swap agreements are recorded as an adjustment to earnings.

The following table summarizes Bunge s outstanding interest rate swap and interest rate basis swap agreements as of June 30, 2010.

(US$ in millions)	**Notional Amount of Hedged Obligation**	**Notional Amount of Derivative (4)**
Interest rate swap agreements	$ 250	$ 250
Weighted average rate payable 1.18% (1)		
Weighted average rate receivable 4.33% (2)		
Interest rate basis swap agreements	$ 375	$ 375
Weighted average rate payable 0.61% (1)		
Weighted average rate receivable 0.35% (3)		

(1) Interest is payable in arrears based on the average daily effective Federal Funds rate prevailing during the respective period plus a spread.

(2) Interest is receivable in arrears based on a fixed interest rate.

(3) Interest is receivable in arrears based on one-month U.S. dollar LIBOR.

(4) The interest rate swap agreements mature in 2011.

Foreign exchange derivatives Bunge uses a combination of foreign exchange forward and option contracts in certain of its operations primarily to mitigate the risk from exchange rate fluctuations in connection with anticipated sales denominated in foreign currencies. The foreign exchange forward and option contracts are designated as cash flow hedges. Bunge also uses net investment hedges to partially offset the translation adjustments arising from the remeasurement of its investment in its Brazilian subsidiaries.

Bunge assesses, both at the inception of the hedge and on an ongoing basis, whether the derivatives that are used in hedge transactions are highly effective in offsetting changes in the hedged items.

The table below summarizes the notional amounts of open foreign exchange positions as of June 30, 2010:

	June 30, 2010			
	Exchange Traded	Non-exchange Traded		
(US$ in millions)	**Net (Short) & Long (1)**	**(Short) (2)**	**Long (2)**	**Unit of Measure**
Foreign Exchange:				
Options	$	(202)	154	Delta
Forwards	(29)	(6,199)	6,963	Notional
Swaps		(1,212)	1,067	Notional

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(1) Exchange traded futures and options are presented on a net (short) and long position basis.

(2) Non-exchange traded swaps, options, and forwards are presented on a gross (short) and long position basis.

In addition, Bunge has cross-currency interest rate swap agreements with an aggregate notional principal amount of 10 billion Japanese Yen maturing in 2011 for the purpose of managing its currency exposure associated with its 10 billion Japanese Yen term loan due 2011. Bunge has accounted for these cross-currency interest rate swap agreements as fair value hedges.

The following table summarizes Bunge s outstanding cross-currency interest rate swap agreements as of June 30, 2010:

(US$ in millions)	**Notional Amount of Hedged Obligation**	**Notional Amount of Derivative (1) (2)**
U.S. dollar/Yen cross-currency interest rate swaps	$ 113	$ 113

Table of Contents

(1) The cross-currency interest rate swap agreements mature in 2011.

(2) Under the terms of the cross-currency interest rate swap agreements, interest is payable in arrears based on three-month U.S. dollar LIBOR and is receivable in arrears based on three-month Yen LIBOR.

Commodity derivatives Bunge uses derivative instruments primarily to manage its exposure to movements associated with agricultural commodity prices. Bunge generally uses exchange traded futures and options contracts to minimize the effects of changes in the prices of agricultural commodities on its agricultural commodity inventories and forward purchase and sales contracts, but may also from time to time enter into OTC commodity transactions, including swaps, which are settled in cash at maturity or termination based on exchange-quoted futures prices. Changes in fair values of exchange traded futures contracts representing the unrealized gains and/or losses on these instruments are settled daily generally through Bunge s wholly-owned futures clearing subsidiary. Forward purchase and sales contracts are primarily settled through delivery of agricultural commodities. While Bunge considers these exchange traded futures and forward purchase and sales contracts to be effective economic hedges, Bunge does not designate or account for the majority of its commodity contracts as hedges. Changes in fair values of these contracts and related readily marketable agricultural commodity inventories are included in cost of goods sold in the consolidated statements of income. The forward contracts require performance of both Bunge and the contract counterparty in future periods. Contracts to purchase agricultural commodities generally relate to current or future crop years for delivery periods quoted by regulated commodity exchanges. Contracts for the sale of agricultural commodities generally do not extend beyond one future crop cycle.

In addition, Bunge hedges portions of its forecasted oilseed processing production requirements, including forecasted purchases of soybeans and sales of soy commodity products. The instruments used are generally exchange traded futures contracts. Such contracts hedging U.S. oilseed processing activities qualify and are designated as cash flow hedges. Contracts that are used as economic hedges of other global oilseed processing activities generally do not qualify for hedge accounting as a result of location differences and are therefore not designated as cash flow hedges for accounting purposes.

The table below summarizes the volumes of open agricultural commodities derivative positions as of June 30, 2010:

	June 30, 2010			
	Exchange Traded Net (Short) & Long (1)	Non-exchange Traded (Short) (2)	Non-exchange Traded Long (2)	Unit of Measure
Agricultural Commodities				
Futures	(4,643,135)			Metric Tons
Options	(102,946)	(14,550)	112,669	Metric Tons
Forwards		(18,276,206)	23,163,538	Metric Tons
Swaps		(1,244,648)		Metric Tons

(1) Exchange traded futures and options are presented on a net (short) and long position basis.

(2) Non-exchange traded swaps, options, and forwards are presented on a gross (short) and long position basis.

Ocean freight derivatives Bunge uses derivative instruments referred to as freight forward agreements, or FFAs, and FFA options, primarily to hedge portions of its current and anticipated ocean freight costs. A portion of the ocean freight derivatives have been designated as fair value hedges of Bunge s firm commitments to purchase time on ocean freight vessels. Changes in the fair value of the ocean freight derivatives that are qualified, designated and highly effective as a fair value hedge, along with the gain or loss on the hedged firm commitments to purchase time on ocean freight vessels that is attributable to the hedged risk, are recorded in earnings. Changes in the fair values of ocean freight derivatives that are not designated as hedges are also recorded in earnings.

Table of Contents

The table below summarizes the open ocean freight positions as of June 30, 2010:

	June 30, 2010			
	Exchange Traded Net (Short) & Long (1)	Non-exchange Cleared (Short) (2)	Non-exchange Cleared Long (2)	Unit of Measure
Ocean Freight				
FFA	(11,524)	(1,469)	2,767	Hire Days
FFA Options	386			Hire Days

(1) Exchange cleared futures and options are presented on a net (short) and long position basis.

(2) Non-exchange cleared options, and forwards are presented on a gross (short) and long position basis.

Energy derivatives Bunge uses derivative instruments primarily to manage its exposure to volatility in energy costs. Bunge s operations use substantial amounts of energy, including natural gas, electricity, coal, steam and fuel oil, including bunker fuel.

The table below summarizes the open energy positions as of June 30, 2010:

	June 30, 2010			
	Exchange Traded Net (Short) & Long (1)	Non-exchange Cleared (Short) (2)	Non-exchange Cleared Long (2)	Unit of Measure (3) (4)
Natural Gas (3)				
Futures	4,372,500			MMBtus
Swaps			734,463	MMBtus
Options	441,750			MMBtus
Electricity				
Swaps		(14,640)		Mwh
Energy Other				
Futures	123,200			Metric Tons
Forwards		(1,349,966)	3,238,977	Metric Tons
Swaps		(117,539)	57,803	Metric Tons
Options	1,152,750	(100,472)	369,506	Metric Tons

(1) Exchange traded futures and exchange cleared options are presented on a net (short) and long position basis.

(2) Non-exchange cleared swaps, options, and forwards are presented on a gross (short) and long position basis.

(3) Million British Thermal Units (MMBtus) are the standard unit of measurement used to denote the amount of natural gas.

(4) Mega Watt Hours are the standard unit of measurement used to denote the amount of electricity.

The Effect of Derivative Instruments on the Consolidated Statement of Income

The table below summarizes the effect of derivative instruments that are designated as fair value hedges and also derivative instruments that are undesignated on the consolidated statement of income for the six months ended June 30, 2010 and 2009:

Table of Contents

(US$ in millions)	Location	Gain or (Loss) Recognized in Income on Derivative June 30, 2010		Gain or (Loss) Recognized in Income on Derivative June 30, 2009	
Designated Derivative Contracts					
Interest Rate (1)	Interest income/Interest expense	$		$	
Foreign Exchange (2)	Foreign exchange gains (losses)				
Commodities (3)	Cost of goods sold				
Freight (3)	Cost of goods sold		1		(7)
Energy (3)	Cost of goods sold				
Total		$	**1**	$	**(7)**
Undesignated Derivative Contracts					
Interest Rate	Other income (expenses) net	$		$	
Foreign Exchange	Foreign exchange gains (losses)		135		(99)
Foreign Exchange	Cost of goods sold		66		(10)
Commodities	Cost of goods sold		324		(178)
Freight	Cost of goods sold		(30)		34
Energy	Cost of goods sold		(15)		(11)
Total		$	**480**	$	**(264)**

(1) The gain or (loss) on the hedged items is included in interest income and interest expense, respectively, as is the offsetting gain or (loss) on the related interest rate swaps.

(2) The gain or (loss) on the hedged items is included in foreign exchange gains (losses).

(3) The gain or (loss) on the hedged items is included in cost of goods sold.

The table below summarizes the effect of derivative instruments that are designated and qualify as cash flow and net investment hedges on the consolidated statement of income for the six months ended June 30, 2010.

(US$ in millions)		Notional Amount		Gain or (Loss) Recognized in Accumulated OCI (1)	Gain or (Loss) Reclassified from Accumulated OCI into Income (1) Location		Amount	Gain or (Loss) Recognized in Income on Derivative (2) Location		Amount (3)
Cash Flow Hedge:										
Foreign Exchange (4)	$	1,575	$	2	Cost of goods sold	$	1	Cost of goods sold	$	
Commodities (5)		61		(1)	Cost of goods sold		(2)	Cost of goods sold		1
Total	**$**	**1,636**	**$**	**1**		**$**	**(1)**		**$**	**1**

Net Investment Hedge (6):									
Foreign Exchange	$	589	$	(4)	Foreign exchange gains (losses)	$		Foreign exchange gains (losses)	$
Total	**$**	**589**	**$**	**(4)**		**$**			**$**

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(1) The gain or (loss) recognized relates to the effective portion of the hedging relationship. At June 30, 2010, Bunge expects to reclassify into income in the next 12 months approximately $1 million of after tax gains, related to its foreign exchange and zero for both the agricultural commodities and net investment cash flow hedges.

(2) The gain or (loss) recognized relates to the ineffective portion of the hedging relationship and to the amount excluded from the assessment of hedging effectiveness.

(3) The amount of gain recognized in income is $1 million, which relates to the ineffective portion of the hedging relationships and zero, which relates to the amount excluded from the assessment of hedge effectiveness.

(4) The foreign exchange forward contacts mature at various dates in 2010 and 2011.

Table of Contents

(5) The changes in the market value of such futures contracts have historically been, and are expected to continue to be, highly effective at offsetting changes in price movements of the hedged items. The commodities futures contracts mature at various dates in 2010 and 2011.

(6) Bunge pays Brazilian *reais* and receives U.S. dollars using fixed interest rates, offsetting the translation adjustment of its net investment in Brazilian *reais* assets. The swaps mature at various dates in 2010.

The table below summarizes the effect of derivative instruments that are designated and qualify as cash flow and net investment hedges on the condensed consolidated statement of income for the six months ended June 30, 2009:

			Gain or (Loss) Reclassified from Accumulated OCI into Income (1)		**Gain or (Loss) Recognized in Income on Derivative (2)**	
	Notional Amount	**Gain or (Loss) Recognized in Accumulated OCI (1)**	**Location**	**Amount**	**Location**	**Amount (3)**
(US$ in millions)						
Cash Flow Hedge:						
Foreign Exchange (4)	$513	$44	Foreign exchange gains (losses)	$(32)	Foreign exchange gains (losses)	$5
Commodities (5)	65	(12)	Cost of goods sold	(1)	Cost of goods sold	1
Total	**$578**	**$32**		**$(33)**		**$6**
Net Investment Hedge (6):						
Foreign Exchange	$419	$(73)	Foreign exchange gains (losses)	$	Foreign exchange gains (losses)	$
Total	**$419**	**$(73)**		**$**		**$**

(1) The gain or (loss) recognized relates to the effective portion of the hedging relationship. At June 30, 2009, Bunge expects to reclassify into income in the next 12 months approximately $(13) million, $(2) million and zero of after tax losses related to its foreign exchange, commodities and net investment cash flow hedges, respectively.

(2) The gain or (loss) recognized relates to the ineffective portion of the hedging relationship and to the amount excluded from the assessment of hedging effectiveness.

(3) The amount of gain or (loss) recognized in income is zero that is related to the ineffective portion of the hedging relationships and $6 million related to the amount excluded from the assessment of hedge effectiveness.

(4) The foreign exchange forward contracts mature at various dates in 2009 and 2010.

(5) The changes in the market value of such futures contracts have historically been, and are expected to continue to be, highly effective at offsetting changes in price movements of the hedged items. The commodities futures contracts mature at various dates in 2009 and 2010.

(6) Bunge pays Brazilian *reais* and receives U.S. dollars using fixed interest rates, offsetting the translation adjustment of its net investment in Brazilian *reais* assets. The swaps mature at various dates in 2010.

12. DEBT

The fair value of Bunge s long-term debt is based on interest rates currently available on comparable maturities to companies with credit standing similar to that of Bunge. The carrying amounts and fair value of long-term debt are as follows:

	June 30, 2010		December 31, 2009	
(US$ in millions)	**Carrying Value**	**Fair Value**	**Carrying Value**	**Fair Value**
Long-term debt, including current portion	$ 3,672	$ 3,952	$ 3,649	$ 3,796

In February 2010, Bunge repurchased and canceled approximately $2 million of its $200 million aggregate principal amount of 7.80% senior notes due 2012. In July 2010, Bunge used proceeds from the sale of its Brazilian fertilizer nutrients assets to redeem certain senior notes and repay certain term loans and subsidiary long-term debt. See Note 21 of the notes to the condensed consolidated financial statements.

Table of Contents

13. RELATED PARTY TRANSACTIONS

Bunge purchased soybeans, related soybean commodity products and other commodity products and fertilizer products from its unconsolidated joint ventures, which totaled $133 million and $376 million for the three months ended June 30, 2010 and 2009, respectively, and $272 million and $519 million for the six months ended June 30, 2010 and 2009, respectively. Bunge also sold soybean commodity products and other commodity products to these joint ventures, which totaled $100 million and $191 million for the three months ended June 30, 2010 and 2009, respectively, and $229 million and $319 million for the six months ended June 30, 2010 and 2009, respectively. Bunge believes these transactions are recorded at values similar to those with third parties.

14. EMPLOYEE BENEFIT PLANS

	U.S.-Pension Benefits Three Months Ended June 30,		Foreign-Pension Benefits Three Months Ended June 30,	
(US$ in millions)	**2010**	**2009**	**2010**	**2009**
Service cost	$ 4	$ 3	$ 1	$ 1
Interest cost	6	6	8	9
Expected return on plan assets	(6)	(6)	(10)	(10)
Amortization of prior service cost		1		
Amortization of net loss (gain)	1			(1)
Net periodic benefit cost	$ 5	$ 4	$ (1)	$ (1)

	U.S.-Pension Benefits Six Months Ended June 30,		Foreign-Pension Benefits Six Months Ended June 30,	
(US$ in millions)	**2010**	**2009**	**2010**	**2009**
Service cost	$ 7	$ 6	$ 2	$ 2
Interest cost	12	11	20	18
Expected return on plan assets	(12)	(11)	(23)	(19)
Amortization of prior service cost	1	1		
Amortization of net loss (gain)	2	1		(2)
Net periodic benefit cost	$ 10	$ 8	$ (1)	$ (1)

	U.S.-Postretirement Healthcare Benefits Three Months Ended June 30,		Foreign-Postretirement Healthcare Benefits Three Months Ended June 30,	
(US$ in millions)	**2010**	**2009**	**2010**	**2009**
Service cost	$	$	$ 1	$
Interest cost	1	1	3	2
Amortization of prior service cost			(1)	
Amortization of net loss (gain)			1	
Net periodic benefit cost	$ 1	$ 1	$ 4	$ 2

(US$ in millions)	U.S.-Postretirement Healthcare Benefits Six Months Ended June 30, 2010	2009	Foreign-Postretirement Healthcare Benefits Six Months Ended June 30, 2010	2009
Service cost	$	$	$ 1	$
Interest cost	1	1	6	4
Amortization of prior service cost			(1)	
Amortization of net loss (gain)			1	
Net periodic benefit cost	$ 1	$ 1	$ 7	$ 4

Table of Contents

In the six months ended June 30, 2010, Bunge made contributions totaling $1 million and $8 million to its U.S. and foreign defined benefit pension plans, respectively. In the six months ended June 30, 2009, Bunge made contributions totaling $28 million and $4 million to its U.S. and foreign defined benefit pension plans, respectively.

In the six months ended June 30, 2010, Bunge made contributions totaling $1 million and $4 million to its U.S. and foreign postretirement benefit plans, respectively. In the six months ended June 30, 2009, Bunge made contributions totaling $1 million and $3 million to its U.S. and to its foreign postretirement benefit plans, respectively.

15. COMMITMENTS AND CONTINGENCIES

Bunge is party to a large number of claims and lawsuits, primarily tax and labor claims in Brazil, arising in the normal course of business. Bunge records liabilities related to its general claims and lawsuits when the exposure item becomes probable and can be reasonably estimated. After taking into account the recorded liabilities for these matters, management believes that the ultimate resolution of such matters will not have a material adverse effect on Bunge s financial condition, results of operations or liquidity. Included in other non-current liabilities at June 30, 2010 and December 31, 2009 are the following accrued liabilities:

(US$ in millions)		**June 30, 2010**		**December 31, 2009**
Tax claims	$	110	$	135
Labor claims		75		97
Civil and other claims		98		110
Total	$	283	$	342

Tax Claims The tax claims relate principally to claims against Bunge s Brazilian subsidiaries, including primarily value-added tax claims (ICMS, IPI, PIS and COFINS, of which PIS and COFINS are used by the Brazilian government to fund social contribution programs). The determination of the manner in which various Brazilian federal, state and municipal taxes apply to the operations of Bunge is subject to varying interpretations arising from the complex nature of Brazilian tax law.

Labor Claims The labor claims relate principally to claims against Bunge s Brazilian subsidiaries. The labor claims primarily relate to dismissals, severance, health and safety, salary adjustments and supplementary retirement benefits.

Civil and Other The civil and other claims relate to various disputes with third parties, including suppliers and customers.

Guarantees Bunge has issued or was a party to the following guarantees at June 30, 2010:

(US$ in millions)		Maximum Potential Future Payments
Customer financing (1)	$	120
Unconsolidated affiliates financing (2)		50
Total	$	170

(1) Bunge has issued guarantees to third parties in Brazil related to amounts owed to these third parties by certain of Bunge s customers. The terms of the guarantees are equal to the terms of the related financing arrangements, which are generally one year or less, with the exception of guarantees issued under certain Brazilian government programs, primarily from 2006, where terms are up to five years. In the event that the customers default on their payments to the third parties and Bunge would be required to perform under the guarantees, Bunge has obtained collateral from the customers. At June 30, 2010, Bunge had approximately $81 million of tangible property that had been pledged to Bunge as collateral against certain of these refinancing arrangements. Bunge evaluates the likelihood of the customer repayments of the amounts due under these guarantees based upon an expected loss analysis and records the fair value of such guarantees as an obligation in its condensed consolidated financial statements. The fair value of these guarantees at June 30, 2010 was not significant.

Table of Contents

(2) Bunge issued guarantees to certain financial institutions related to debt of certain of its unconsolidated joint ventures. The terms of the guarantees are equal to the terms of the related financings which have maturity dates in 2012 and 2018. There are no recourse provisions or collateral that would enable Bunge to recover any amounts paid under these guarantees. At June 30, 2010, Bunge recorded $4 million related to the fair values of these guarantees.

In addition, Bunge Limited has provided full and unconditional parent level guarantees of the indebtedness outstanding under certain senior credit facilities and senior notes entered into, or issued by, its 100% owned subsidiaries. At June 30, 2010, debt with a carrying amount of $3,419 million related to these guarantees is included in Bunge s condensed consolidated balance sheets. This debt includes the senior notes issued by two of Bunge s 100% owned finance subsidiaries, Bunge Limited Finance Corp. and Bunge N.A. Finance L.P. There are no significant restrictions on the ability of Bunge Limited Finance Corp., Bunge N.A. Finance L.P. or any other Bunge subsidiary to transfer funds to Bunge Limited.

Brazil Tax Law Changes New thin capitalization tax legislation was enacted in Brazil in June 2010, and denies income tax deductions for interest payments with respect to certain debt to the extent a company s debt to equity ratio exceeds a certain threshold or the debt is with related parties located in a tax haven jurisdiction as defined under the law. The thin capitalization legislation provides for an effective date of January 1, 2010 with respect to both the income tax and social contribution tax on income (25% and 9%, respectively, which are reported together as income tax expense in Bunge s condensed consolidated statements of income). However, based on external legal advice Bunge has concluded that under Brazil s Constitution, the new law cannot apply to the income tax portion until January 1, 2011 and the social contribution portion can only apply from March 15, 2010. Because Bunge believes that it is more likely than not that this position will be sustained, it has not accrued any income tax with respect to this new legislation but has accrued the social contribution portion only of $27 million from March 15, 2010.

16. SHAREHOLDERS EQUITY

Share Repurchase Program On June 8, 2010, Bunge announced that its Board of Directors had approved a program for the repurchase of up to $700 million of Bunge s issued and outstanding common shares. The program runs through December 31, 2011. Bunge has repurchased 2,050,000 common shares, for approximately $107 million, under the program through June 30, 2010.

Table of Contents

17. COMPREHENSIVE INCOME (LOSS)

The following table summarizes the components of comprehensive income (loss):

(US$ in millions)	Three Months Ended June 30, 2010	Three Months Ended June 30, 2009	Six Months Ended June 30, 2010	Six Months Ended June 30, 2009
Net income	$ 1,787	$ 322	$ 1,867	$ 146
Other comprehensive income (loss):				
Foreign exchange translation adjustment, net of tax of $0	(277)	785	(391)	697
Unrealized gains on commodity futures and foreign exchange contracts designated as cash flow hedges, net of tax benefit (expense) of $1, $0 (2010) and $(4), $(12) (2009)	(2)	18	1	32
Unrealized gains on investments, net of tax expense of $0, $0 (2010) and $(1), $(1) (2009)	(1)	2	(1)	2
Reclassification of realized net losses (gains) to net income, net of tax of (benefit) expense $1, $0 (2010) and $(19), $(18) (2009)	(1)	32		31
Pension adjustment, net of tax benefit of $5				(10)
Other postretirement healthcare subsidy tax deduction adjustment			2	
Total comprehensive income	**1,506**	**1,159**	**1,478**	**898**
Less: Comprehensive loss (income) attributable to noncontrolling interest	18	(120)	19	(121)
Total comprehensive income attributable to Bunge	**$ 1,524**	**$ 1,039**	**$ 1,497**	**$ 777**

18. TRANSFERS (TO) FROM NONCONTROLLING INTERESTS

On May 27, 2010, Bunge sold its Brazilian fertilizer nutrients assets, including its direct and indirect 54% ownership interest in the voting common shares and 36% interest in the nonvoting preferred shares of Fosfertil (representing Bunge s right to approximately 42% of the earnings of Fosfertil). See Note 4 of the notes to the condensed consolidated financial statements. Prior to this date, Fosfertil was a consolidated subsidiary of Bunge. Effective as of the date of sale and as a result of this transaction, Bunge deconsolidated Fosfertil and derecognized $588 million of noncontrolling interests, which represented approximately 58% of noncontrolling interest in earnings of Fosfertil.

In 2009, Bunge entered into a joint venture to build and operate a grain terminal in Longview, Washington, U.S. Bunge has a 51% controlling interest in the joint venture, which it consolidates. In the six months ended June 30, 2010, the noncontrolling interest holders, (49%) made a $27 million capital contribution to this joint venture. Bunge made a proportionate capital contribution, which resulted in no ownership percentage change. In the second quarter of 2009, Bunge received $9 million of capital contributions from the noncontrolling interests, of which $5 million was the initial noncontrolling equity interest upon consolidation by Bunge of this joint venture.

Effective January 1, 2010, Bunge adopted a FASB issued standard that amends the consolidation guidance that applies to variable interest entities (VIEs). As a result of this adoption, Bunge consolidated AGRI-Bunge, LLC, an agribusiness joint venture which originates grains and operates a Mississippi river terminal in the United States in which Bunge has 50% voting power and a 34% interest in the equity and earnings.

Bunge recorded $3 million of noncontrolling equity interest upon its consolidation of this joint venture in the first quarter of 2010.

During the six months ended June 30, 2010, certain third party investors redeemed their shares in a private investment fund consolidated by Bunge. The shares were valued at $6 million and represented 14% of the outstanding shares of the fund and 100% of the ownership interest of these investors in the fund, along with $1 million of dividends representing their share of the cumulative earnings of the fund. This resulted in Bunge s ownership interest in the fund increasing from 31% at December 31, 2009 to 35% at June 30, 2010. In the six months ended June 30, 2009, certain third party investors in the same private investment fund redeemed their shares in the fund. The shares were valued at $43 million and represented 51% of the outstanding shares of the fund and 100% of the ownership interest of these investors in the fund. Additionally, the investors received $8 million of dividends, which represented their share of the cumulative earnings of the fund. This transaction resulted in Bunge s ownership interest in the fund increasing from 16% at December 31, 2008 to 31% at June 30, 2009.

Table of Contents

During the six months ended June 30, 2009, certain of Bunge s Brazilian subsidiaries primarily involved in its sugar business received approximately $36 million in capital contributions from noncontrolling interests. Bunge made proportionate capital contributions to these subsidiaries, which resulted in no ownership percentage change.

19. EARNINGS PER COMMON SHARE

Basic earnings per share is computed by dividing net income available to Bunge common shareholders by the weighted-average number of common shares outstanding, excluding any dilutive effects of stock options, restricted stock unit awards, convertible preference shares and convertible notes during the reporting period. Diluted earnings per share is computed similar to basic earnings per share, except that the weighted-average number of common shares outstanding is increased to include additional shares from the assumed exercise of stock options, restricted stock unit awards and convertible securities and notes, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options, except those which are not dilutive, were exercised and that the proceeds from such exercises were used to acquire common shares at the average market price during the reporting period. In addition, Bunge accounts for the effects of convertible securities, using the if-converted method. Under this method, the convertible securities are assumed to be converted and the related dividend or interest expense, net of tax, is added back to earnings, if dilutive.

Bunge had 862,455 mandatory convertible preference shares outstanding as of June 30, 2010. Each mandatory convertible preference share has a liquidation preference of $1,000 per share. On the mandatory conversion date of December 1, 2010, each mandatory convertible preference share will automatically convert into between 8.2416 and 9.7250 Bunge Limited common shares, subject to certain anti-dilution adjustments, depending on the average daily volume-weighted average price per common share over the 20-trading day period ending on the third trading day prior to such date. At any time prior to December 1, 2010, holders may elect to convert the mandatory convertible preference shares at the conversion rate of 8.2416, subject to certain anti-dilution adjustments (which represents 7,108,009 Bunge Limited common shares as of June 30, 2010).

In addition, Bunge had 6,900,000 convertible perpetual preference shares outstanding as of June 30, 2010. Each convertible preference share has an initial liquidation preference of $100 per share and is convertible, at any time at the holder s option, into approximately 1.0891 Bunge Limited common shares based on a conversion price of $91.82 per convertible preference share, subject in each case to certain anti-dilution specified adjustments (which represents 7,514,790 Bunge Limited common shares as of June 30, 2010).

The following table sets forth the computation of basic and diluted earnings per common share for the three and six months ended June 30, 2010 and 2009:

	Three Months Ended June 30,		Six Months Ended June 30,	
(US$ in millions, except for share data)	**2010**	**2009**	**2010**	**2009**
Net income attributable to Bunge	$ 1,778	$ 313	$ 1,841	$ 118
Convertible preference share dividends	(20)	(20)	(39)	(39)
Net income available to Bunge common shareholders	$ 1,758	$ 293	$ 1,802	$ 79
Weighted average number of common shares outstanding:				
Basic	144,034,189	122,026,034	142,083,975	121,878,864

Effect of dilutive shares:				
Stock options and awards	791,725	962,578	1,003,769	1,040,863
Convertible preference shares	14,622,799	14,587,437	14,622,799	
Diluted (1)	159,448,713	137,576,049	157,710,543	122,919,727
Earnings per common share:				
Basic	$ 12.21	$ 2.40	$ 12.68	$ 0.65
Diluted	$ 11.15	$ 2.28	$ 11.67	$ 0.64

Table of Contents

(1) Approximately 3 million outstanding stock options and contingently issuable restricted stock units were not dilutive and not included in the weighted-average number of common shares outstanding for the three and six months ended June 30, 2010. Approximately 3 million outstanding stock options and contingently issuable restricted stock units were not dilutive and not included in the weighted-average number of common shares outstanding for the three and six months ended June 30, 2009. Approximately 14.6 million weighted average common shares that are issuable upon conversion of the convertible preference shares were not dilutive and not included in the weighted-average number of common shares outstanding for the six months ended June 30, 2009.

20. SEGMENT INFORMATION

Sugar and Bioenergy segment Bunge participates in the sugar and sugarcane-based ethanol industries through its sugar, trading and merchandising business, headquartered in London, and its sugarcane milling operations in Brazil. In addition, Bunge has investments in entities that produce corn-based ethanol in the United States. Bunge wholly owns or has majority interests in seven sugarcane mills in Brazil, five of which were acquired in the Moema acquisition in February 2010 (see Note 3 of the notes to the condensed consolidated financial statements). Bunge also has an 80% stake in a greenfield mill that it is developing with a partner, which it expects to become initially operational in the second half of 2010. Most of the mills allow Bunge to adjust production, within certain capacity limits, between sugar (raw and crystal) and sugarcane-based ethanol (hydrous and anhydrous), allowing Bunge to readily respond to changes in customer demand and market prices within each of these product lines. Bunge also has cogeneration facilities at all mills which produce energy through the burning of sugarcane bagasse in boilers, enabling these mills to be self-sufficient for their energy needs and, in most cases, to sell surplus energy to third parties such as local utilities.

In the first quarter of 2010, Bunge began reporting the results of its sugar and bioenergy businesses as a reportable segment. Prior to the first quarter of 2010, sugar and bioenergy results and assets were included in the agribusiness segment. Accordingly, amounts for prior periods presented have been reclassified to conform to the current period segment presentation.

As a result, Bunge has five reportable segments agribusiness, sugar and bioenergy, fertilizer, edible oil products and milling products, which are organized based upon similar economic characteristics and are similar in nature of products and services offered, the nature of production processes, the type and class of customer and distribution methods. The agribusiness segment is characterized by both inputs and outputs being agricultural commodities and thus high volume and low margin. The sugar and bioenergy segment involves sugar origination, milling, trading and merchandising businesses, as well as sugar and sugarcane-based ethanol production and corn-based ethanol investments and activities. Following the completion of the sale of Bunge s Brazilian fertilizer nutrients assets in May 2010, the activities of the fertilizer segment include its retail fertilizer business in Brazil as well as its operations in Argentina and the United States (see Note 4 of the notes to the condensed consolidated financial statements). Additionally, Bunge has retained its 50% interest in its fertilizer joint venture in Morocco. The edible oil products segment involves the manufacturing and marketing of products derived from vegetable oils. The milling products segment involves the manufacturing and marketing of products derived primarily from wheat and corn.

The Unallocated column in the following table contains the reconciliation between the totals for reportable segments and Bunge consolidated totals, which consists primarily of corporate items not allocated to the operating segments, inter-segment eliminations. Transfers between the segments are generally valued at market. The revenues generated from these transfers are shown in the following table as Inter-segment revenues segments or inter-segment eliminations.

Table of Contents

Operating Segment Information

(US$ in millions)

Three Months Ended June 30, 2010	**Agribusiness**	**Sugar and Bioenergy**	**Fertilizer**	**Edible Oil Products**	**Milling Products**	**Unallocated(1)**	**Total**
Net sales to external customers	$ 7,406	$ 963	$ 641	$ 1,578	$ 386	$	$ 10,974
Inter segment revenues	927	7	23	20	8	(985)	
Gross profit (loss) (1)	270	46	(11)	86	34		425
Foreign exchange (losses) gains	(36)	(2)	(9)	(2)			(49)
Equity in earnings of affiliates	3	(3)	8		1		9
Noncontrolling interest (1)	(13)	4	(8)	(1)		9	(9)
Other income (expense) net	4	(5)	(2)	1	(1)		(3)
Segment EBIT (2) (3)	28	4	2,369	(13)	1		2,389
Depreciation, depletion and amortization	(45)	(32)	(9)	(20)	(7)		(113)
Total assets (3)	11,171	3,674	3,929	1,874	655	791	22,094
Three Months Ended June 30, 2009							
Net sales to external customers	$ 7,902	$ 402	$ 841	$ 1,472	$ 377	$	$ 10,994
Inter segment revenues	825	9	2	41	4	(881)	
Gross profit (loss)	488	17	(212)	83	36		412
Foreign exchange gains (losses)	138		183	(1)			320
Equity in earnings of affiliates	3	(2)	1	2	1		5
Noncontrolling interest (1)	(6)	3	(5)			(1)	(9)
Other income (expense) net	2	2	(2)	(3)			(1)
Segment EBIT (2)	435	13	(53)	10	14		419
Depreciation, depletion and amortization	(46)	(3)	(34)	(17)	(5)		(105)
Total assets	12,314	1,828	4,796	1,993	621	256	21,808
Six Months Ended June 30, 2010							
Net sales to external customers	$ 14,051	$ 1,988	$ 1,340	$ 3,151	$ 789	$	$ 21,319
Inter segment revenues	1,799	25	27	43	41	(1,935)	
Gross profit	599	68	50	185	68		970
Foreign exchange (losses) gains	(77)	7	(25)	(4)			(99)
Equity in earnings of affiliates	7	(2)	3		1		9
Noncontrolling interest (1)	(15)	6	(35)	(4)		22	(26)
Other income (expense) net	4	(5)	(3)	1			(3)
Segment EBIT (2) (3)	150	9	2,329	5	14		2,507
Depreciation, depletion and amortization	(91)	(46)	(24)	(40)	(14)		(215)
Total assets (3)	11,171	3,674	3,929	1,874	655	791	22,094

Six Months Ended June 30, 2009